GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6746
ANSWERED ON:10.05.2002
CORPORATE TAX ASSESSMENT SYSTEM
VINAY KUMAR SORAKE

Will the Minister of FINANCE be pleased to state:

(a) whether the concerned assessment officers dealing with the cases of major textile manufacturers and automobile manufacturers made wrong assessments causing undercharge of tax at more than Rs.400.00 crores during year ended March 31, 2001;

(b) if so, whether these wrong assessments have been subjected to review;

(c) if so, how much tax was levied from the assesses; and

(d) the steps are being taken to strengthen the corporate tax assessment system of the Income Tax Department?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) The C&AG in their Report No.12A of 2002 (for the year ended March, 2001) laid down in Parliament on 15th March, 2002 have pointed out certain mistakes in the assessment of some textile manufacturers where according to them undercharge of tax was reported at Rs.186.09 crore. In the automobile sector they have reported mistakes in assessments resulting in undercharge of Rs.236.46 crore.

(b) These assessments were subjected to audit review by the C&AG and the same is incorporated in Chapter 4 of Report No. 12A of 2002.

(c) The Report of the C &AG is being examined in the CBDT and also in the field formations to determine the correctness or otherwise of aforesaid audit observations. Remedial action will be taken by the field officers wherever found necessary.

(d) CBDT has already issued instructions to the Assessing Officers/Field Formations to take due care in assessment and to avoid mistakes. There is also a monitoring system where the ledger cards recording mistakes committed are maintained and the explanations of the officers concerned are called for when they are found to have committed such mistakes. The Director of Income-Tax (Audit) oversees the audit work and prescribes checklists for guidance of the Assessing Officers.